

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LISBON

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E.O. 11652: N/A

TAGS: EIND, BDIS, PO

SUBJECT: MOBIL OIL PORTUGUESA

REF: LISBON 2856

1. MOBIL OIL REPS CALLED ON DEPARTMENT AUGUST 2 TO EXPRESS THEIR CONCERN AT PRECARIOUS POSITION MOBIL OIL PORTUGUESA BEING PLACED IN BY GOP ACTIONS AND TO REQUEST ANOTHER USG INTERVENTION WITH GOP ON THEIR BEHALF.

2. MOBIL REPS SAID THEY CONVINCED GOP POLICY WAS TO FORCE MOBIL TO SELL ITS DISTRIBUTION OUTLETS TO PORTUGUESE COMPANIES AT DISTRESSED PRICES, WHICH THEY TERMED "EFFECTIVELY A CONFISCATORY POLICY." THEY CONSIDERED IT UNFAIR THAT GOP HAD NOTIFIED MOBIL ONLY IN MAY THAT IMPORT PERMITS FOR 1973 WOULD BE REDUCED BELOW 1972 LEVELS. THEY HAD REASON TO BELIEVE THIS DECISION MADE BY GOP ONE YEAR EARLIER. NOTIFICATION TO MOBIL ONLY IN MID-YEAR MEANT COMPANY WOULD NOT BE ABLE TO SUPPLY ITS DISTRIBUTORS FOR ENTIRE YEAR. MOBIL MIGHT HAVE BEEN ABLE NEGOTIATE CONTRACT

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WITH SONAP FOR DISTRIBUTION BY MOBIL OF SONAP PRODUCTS, BUT

THIS HAD BEEN VETOED BY GOP ON GROUNDS IT GOP POLICY HAVE PRODUCTS DISTRIBUTED BY LOCAL COMPANIES. MOBIL REPS REQUESTED EARLY USG APPROACH TO GOP ON THEIR BEHALF.

3. EMBASSY IS REQUESTED SEEK EARLY OPPORTUNITY MAKE HIGH LEVEL APPROACH TO GOP. EMBASSY MAY WISH CONSIDER CALLING

ON CALVET DE MAGALHAES, ANDRESEN, OR SIMILAR LEVEL OFFICIAL ECONOMICS MINISTRY. IN ADDITION TO ARGUMENTS BASED ON FACTS OF CASE, WITH WHICH EMBASSY FULLY FAMILIAR, EMBASSY MAY WISH POINT OUT THAT

A. MOBIL OLDEST AND LARGEST US-OWNED FIRM IN PORTUGAL;

B. MOBIL HAS CLEARLY GONE TO GREAT LENGTH TO TRY TO ACCOMMODATE TO GOP POLICY;

C. IF SUCH ARBITRARY TREATMENT OF IMPORTANT AND LOYAL FOREIGN INVESTOR BECAME KNOWN IN BUSINESS CIRCLES IT COULD HAVE ADVERSE EFFECT ON INVESTMENT CLIMATE IN PORTUGAL. ROGERS

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